

Introduced by Senator Denham

January 29, 2007

An act to add and repeal Sections 17053.58 and 23658 of the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 151, as introduced, Denham. Income taxation: credit: qualified health expenses.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would authorize a credit against those taxes for each taxable year beginning on or after January 1, 2008, and before January 1, 2013, in an amount equal to the amount paid or incurred during the taxable year for qualified health expenses, as defined, by a qualified employer, as defined. This bill would make an appropriation by requiring that any amount of the credit that is not used by the taxpayer in a taxable year be refunded to the taxpayer.

This bill would take effect immediately as a tax levy.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17053.58 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.58. (a) For each taxable year beginning on or after
- 4 January 1, 2008, and before January 1, 2013, there shall be allowed
- 5 as a credit against the "net tax," as defined in Section 17039, an

1 amount equal to the amount paid or incurred during the taxable
2 year for qualified health expenses by a qualified employer.

3 (b) For purposes of this section, the following terms have the
4 following meanings:

5 (1) “Qualified employer” has the same meaning as “small
6 business,” as defined in Section 14837 of the Government Code.

7 (2) “Qualified health expenses” means the total amount a
8 qualified employer paid or incurred during the taxable year for
9 health insurance and health care service plans for its employees.

10 (c) In the case of a taxpayer whose credit provided under this
11 section exceeds the taxpayer’s tax liability computed under this
12 part, the excess shall be credited against other amounts due, if any,
13 from the taxpayer and the balance, if any, shall be refunded to the
14 taxpayer.

15 (d) Notwithstanding Section 13340 of the Government Code,
16 moneys in the General Fund are hereby appropriated, without
17 regard to fiscal years, to the Controller to make the refund
18 payments required by subdivision (c).

19 (e) No other credit or deduction shall be allowed under other
20 provisions of this part for qualified health expenses for which a
21 credit is taken under this section.

22 (f) This section shall remain in effect only until December 1,
23 2013, and as of that date is repealed.

24 SEC. 2. Section 23658 is added to the Revenue and Taxation
25 Code, to read:

26 23658. (a) For each taxable year beginning on or after January
27 1, 2008, and before January 1, 2013, there shall be allowed as a
28 credit against the “tax,” as defined in Section 23036, an amount
29 equal to the amount paid or incurred during the taxable year for
30 qualified health expenses by a qualified employer.

31 (b) For purposes of this section, the following terms have the
32 following meanings:

33 (1) “Qualified employer” has the same meaning as “small
34 business,” as defined in Section 14837 of the Government Code.

35 (2) “Qualified health expenses” means the total amount a
36 qualified employer paid or incurred during the taxable year for
37 health insurance and health care service plans for its employees.

38 (c) In the case of a taxpayer whose credit provided under this
39 section exceeds the taxpayer’s tax liability computed under this
40 part, the excess shall be credited against other amounts due, if any,

1 from the taxpayer and the balance, if any, shall be refunded to the
2 taxpayer.

3 (d) Notwithstanding Section 13340 of the Government Code,
4 moneys in the General Fund are hereby appropriated, without
5 regard to fiscal years, to the Controller to make the refund
6 payments required by subdivision (c).

7 (e) No other credit or deduction shall be allowed under other
8 provisions of this part for qualified health expenses for which a
9 credit is taken under this section.

10 (f) This section shall remain in effect only until December 1,
11 2013, and as of that date is repealed.

12 SEC. 3. This act provides for a tax levy within the meaning of
13 Article IV of the Constitution and shall go into immediate effect.